

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Richfield Township</b>	County <b>Roscommon</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>8/25/05</b>	Date Accountant Report Submitted to State: <b>11/23/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- Yes  No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- Yes  No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- Yes  No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- Yes  No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- Yes  No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- Yes  No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- Yes  No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- Yes  No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- Yes  No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Anderson &amp; Decker, P.C.</b>			
Street Address <b>P.O. Box 746</b>	Digitally signed by James M. Anderson, CPA DN: cn=James M. Anderson, CPA, c=US, o=Anderson & Decker, PC, email=jma@m33access.com Date: 2005.11.23 09:10:48 -05'00'	City <b>Roscommon</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>48653</b>	Date <b>11/23/05</b>

**TOWNSHIP OF RICHFIELD  
ROSCOMMON COUNTY, MICHIGAN  
AUDITED FINANCIAL STATEMENTS  
MARCH 31, 2005**

**TOWNSHIP OFFICIALS**

Supervisor

Richard A. Wood

Clerk

Pamela J. Scott

Treasurer

Judy L. Scroggin

**TRUSTEES**

Marlee D. Pellow

James L. VanWormer

TOWNSHIP OF RICHFIELD

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**TOWNSHIP OF RICHFIELD**

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# Anderson & Decker, P.C.

**CERTIFIED PUBLIC ACCOUNTANTS**

245 Lake Street • P.O. Box 746 • Roscommon, MI 48653  
(989) 275-8831

## **INDEPENDENT AUDITORS' REPORT**

August 25, 2005

Township Board  
Richfield Township  
Roscommon County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Richfield, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion based on these financial statements on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund activity, and the aggregate remaining fund information of the Township of Richfield, as of March 31, 2005, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of March 31, 2005

The management's discussion and analysis on pages 2-7 and budgetary comparison information on pages 31-39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink, appearing to read 'Jan Decker', with a stylized flourish at the end.

ANDERSON & DECKER, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Richfield Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005.

**Financial Highlights**

- . The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$2,208,570 (*net assets*). Of this amount, \$1,397,244 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations.
- . The Township's total net assets increased by \$245,400.
- . As of the close of the current fiscal year, the Township's general fund, reported an ending fund balance of \$246,580, an increase of \$10,103 in comparison with the prior year.
- . At the end of the current fiscal year, unreserved fund balance for the general fund was \$246,580 or 45% of total general expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1)Government-wide financial statements, 2)Fund financial statements, and 3)Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *Government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Both of the Government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, and recreation and cultural. The Township does not have any business-type activities as of and for the year ended March 31, 2005.

The Government-wide financial statements can be found on pages 8-9 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains thirty-six governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Fire, Law Enforcement, Ambulance, Waste Disposal, and remaining other funds.

The Township adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements or schedules have been provided for the governmental funds herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 10-11 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the Government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-30 of this report.

**Government-wide Financial Analysis**

*(Because this is the first year of implementation of Governmental Accounting Standards Board Statement No. 34, which requires this new reporting model, the following tables present only current year data. In future years, when prior-year information is available, comparative analysis of Township-wide data will be presented.)*

A portion of the Township's net assets (36%) reflects its investments in capital assets (e.g., land, land improvements, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

**Township's Net Assets**

	<u>Governmental Activities</u>
Current and Other Assets	\$ 1,570,186
Capital Assets, Net	<u>1,138,746</u>
Total Assets	2,708,932
Current Liabilities	184,968
Long-Term Liabilities	<u>315,394</u>
Total Liabilities	500,362
Net Assets:	
Invested in Capital Assets, Net	
Of Related Debt	798,461
Restricted	12,865
Unrestricted	<u>1,397,244</u>
<b>Total Net Assets</b>	<b><u>\$ 2,208,570</u></b>

TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The Township's net assets increased by \$245,400 the current fiscal year. Unrestricted net assets - the part of net assets that can be used to finance day to day operations, increased by \$137,891 or 11%, during fiscal year 2005.

**Township's Changes in Net Assets**

	<u><b>Governmental Activities</b></u>
<b>Revenue:</b>	
Program Revenue:	
Charges for services	\$ 174,646
Operating Grants and Contributions	153,354
Capital Grants and Contributions	121,838
General Revenue:	
Property Taxes	1,091,861
State-Shared Revenues	342,290
Interest	<u>12,882</u>
<b>Total Revenue</b>	<u><b>1,896,871</b></u>
<b>Expenses:</b>	
General Government	451,465
Public Safety	739,206
Public Works	365,493
Recreation and Cultural	83,200
Other	<u>12,107</u>
<b>Total Expenses</b>	<u><b>1,651,471</b></u>
<b>Increase in Net Assets</b>	<b>245,400</b>
Net Assets, Beginning of Year	<u>1,963,170</u>
<b>Net Assets, End of Year</b>	<u><u><b>\$ 2,208,570</b></u></u>

**Governmental activities.** The Township's total governmental revenues increased by \$126,014 from last fiscal year. This was primarily attributed to additional revenue from property taxes. Expenses increased by \$453,696. The increase was primarily due to Capital outlay in the Police, Fire and Ambulance Funds.

**Financial Analysis of the Government's Funds**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,432,928, an increase of \$151,749 in comparison with the prior year. The *undesignated fund balance*, which is available for spending at the Township's discretion, constitutes 100% of this total amount.

The primary governmental fund is the General Fund of the Township. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 45% of total general fund expenditures.

The fund balance of the General Fund increased by \$10,103 during the current fiscal year.

**General Fund Budgetary Highlights**

The Township's budgets are prepared in accordance with Michigan Law. The budgeted funds are the General, Fire, Law Enforcement, Ambulance, Waste Disposal, Park, Liquor Law Enforcement, Building Codes, Budget Stabilization, Drug Law Enforcement, Library, and Cemetery Fund.

**Capital Assets and Debt Administration**

**Capital assets.** The Township's investment in capital assets for its governmental activities as of March 31, 2005, amounted to \$1,138,746 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, and equipment. Additions totaled \$448,561 for the fiscal year.

**Township's Capital Assets**  
(net of depreciation)

Land	\$ 90,000
Buildings and Improvements	325,097
Machinery and Equipment	<u>723,649</u>
Total	<u>\$ 1,138,746</u>

Additional information on the Township's capital assets can be found in note F on page 23 of this report.

TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Factors Bearing on the Township's Future**

The following factors were considered in preparing the Township's budget for the 2005-2006 fiscal year:

- . Carry-over of only \$30,000.00 in budget stabilization from 04 to 05 budget
- . One township secretary position eliminated due to budget
- . Loss of only retail grocery store and 20 jobs for local citizens to structure fire
- . Erected \$20,000.00 "playscape" at township park utilizing donations and fund-raisers
- . Acquired \$32,600.00 USDA grant for IT - new computers, servers, phone system and high speed internet access
- . Acquired \$28,000.00 USDA grant for new patrol car for police department
- . Acquired \$14,000.00 USDA grant for propane generator for fire department
- . Acquired \$112,000.00 FEMA grant for fire department equipment and training
- . Investigating funding for township hall repairs. Hall built in 1967. No maintenance done with exception of new roof approximately 15 years ago. Needs approximately \$90,000.00 in immediate repairs.
- . Attempting to secure property from the DNR for creation of a township campground adjacent to current township park
- . Attempting to secure property from the DNR for expansion of one of two township cemeteries

**Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Richfield Township  
P.O. Box 128  
St Helen, MI 48656

TOWNSHIP OF RICHFIELD  
STATEMENT OF NET ASSETS  
MARCH 31, 2005

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash and investments	\$ 318,118
Receivables:	
Accounts Receivable	117,496
Interest	7,854
Property Taxes and Assessments	1,080,785
Other Governmental Units	<u>45,933</u>
Total Current Assets	1,570,186
Non-Current Assets:	
Capital Assets - Net	<u>1,138,746</u>
Total Assets	<u>2,708,932</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	26,524
Deferred Revenue	110,734
Current Portion of Long-Term Debt	<u>47,710</u>
Total Current Liabilities	<u>184,968</u>
Long-Term Liabilities:	
Notes and Leases Payable	292,575
Compensated Absences	<u>22,819</u>
Total Long Term Liabilities	<u>315,394</u>
Total Liabilities	<u>500,362</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	798,461
Restricted for Library Improvements	12,865
Unrestricted	<u>1,397,244</u>
Total Net Assets	<u><u>\$ 2,208,570</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
GOVERNMENTAL ACTIVITIES					
General	\$ (451,465)	\$ 46,218	\$ 24,982	\$ -0-	\$ (380,265)
Public Safety	(739,206)	125,758	70,953	92,949	(449,546)
Public Works	(365,493)	-0-	981	-0-	(364,512)
Recreation and Cultural	(83,200)	2,670	56,438	28,889	4,797
Interest on Long Term Debt	(12,107)	-0-	-0-	-0-	(12,107)
Total Governmental Activities	<u>\$(1,651,471)</u>	<u>\$ 174,646</u>	<u>\$ 153,354</u>	<u>\$ 121,838</u>	<u>(1,201,633)</u>
GENERAL REVENUES					
Property Taxes Levied for:					
General Purpose					153,345
Public Safety					510,977
Public Works					420,470
Recreation and Cultural					7,069
State Shared Revenue not restricted to specific purposes					342,290
Investment Earnings					<u>12,882</u>
Total General Revenues					<u>1,447,033</u>
Change in Net Assets					245,400
Net Assets - April 1					<u>1,963,170</u>
Net Assets - March 31					<u>\$ 2,208,570</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD  
 COMBINING BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 MARCH 31, 2005

	<u>General</u>	<u>Fire</u>	<u>Law Enforcement</u>	<u>Ambulance</u>
<b>ASSETS</b>				
Cash and investments	\$ 13,158	\$ 104,072	\$ 15,289	\$ 39,881
Taxes receivable	183,321	154,623	258,371	76,402
Accounts receivable	262	-0-	6,500	110,734
Interest receivable	7,854	-0-	-0-	-0-
Due from other governmental units	45,933	-0-	-0-	-0-
Total Assets	\$ 250,528	\$ 258,695	\$ 280,160	\$ 227,017
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable	\$ 3,948	\$ 7,597	\$ 6,207	\$ 6,284
Deferred revenue	-0-	-0-	-0-	110,734
Total Liabilities	3,948	7,597	6,207	117,018
Fund Balance:				
Designated	-0-	-0-	-0-	-0-
Undesignated	246,580	251,098	273,953	109,999
Total Fund Equity	246,580	251,098	273,953	109,999
Total Liabilities and Fund Equity	\$ 250,528	\$ 258,695	\$ 280,160	\$ 227,017

The accompanying notes are an integral part of these financial statements.

<u>Waste Disposal</u>	<u>Other Funds</u>	<u>Totals</u>
\$ 48,852	\$ 96,866	\$ 318,118
329,648	78,420	1,080,785
-0-	-0-	117,496
-0-	-0-	7,854
<u>-0-</u>	<u>-0-</u>	<u>45,933</u>
<u>\$ 378,500</u>	<u>\$ 175,286</u>	<u>\$ 1,570,186</u>
\$ 510	\$ 1,978	\$ 26,524
<u>-0-</u>	<u>-0-</u>	<u>110,734</u>
<u>510</u>	<u>1,978</u>	<u>137,258</u>
-0-	12,865	12,865
<u>377,990</u>	<u>160,443</u>	<u>1,420,063</u>
<u>377,990</u>	<u>173,308</u>	<u>1,432,928</u>
<u>\$ 378,500</u>	<u>\$ 175,286</u>	<u>\$ 1,570,186</u>

TOWNSHIP OF RICHFIELD  
RECONCILIATION OF FUND BALANCES ON BALANCE SHEET  
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF  
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS  
MARCH 31, 2005

TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES \$ 1,432,928

Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Capital assets used in governmental activities  
are not current financial resources and therefore  
are not recorded in the funds. This represents  
the amounts by which capital assets used in  
governmental funds exceeds accumulated  
depreciation. 1,138,746

Long-term liabilities, including notes/bonds  
payable and accrued liabilities are not due and  
payable in the current period and therefore are  
not reported in the funds. (363,104)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 2,208,570

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED MARCH 31, 2005

	<u>General</u>	<u>Fire</u>	<u>Law Enforcement</u>
Revenues:			
Taxes and assessments	\$ 153,345	\$ 154,884	\$ 258,763
Intergovernmental	347,753	2,136	105,414
Charges for services	46,218	20	780
Licenses, permits and fees	5,629	-0-	-0-
Interest	7,879	1,310	759
Other	<u>1,109</u>	<u>12,188</u>	<u>27,655</u>
Total Revenues	<u>561,933</u>	<u>170,538</u>	<u>393,371</u>
Expenditures:			
General government	433,193	-0-	-0-
Fire	-0-	330,489	448,465
Law enforcement	-0-	-0-	-0-
Ambulance	-0-	-0-	-0-
Sanitation	-0-	-0-	-0-
Recreation and culture	-0-	-0-	-0-
Cemetery	-0-	-0-	-0-
Road Projects	-0-	-0-	-0-
Debt service:			
Principal	-0-	30,749	-0-
Interest and fees	<u>-0-</u>	<u>8,905</u>	<u>-0-</u>
Total Expenditures	<u>433,193</u>	<u>370,143</u>	<u>448,465</u>
Excess:			
Revenue over (under) expenditures	<u>128,740</u>	<u>(199,605)</u>	<u>(55,094)</u>
Other financing sources (uses):			
Operating transfers in	-0-	-0-	72,600
Operating transfers (out)	(118,637)	-0-	-0-
Proceeds from Long Term Debt	<u>-0-</u>	<u>240,663</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(118,637)</u>	<u>240,663</u>	<u>72,600</u>
Excess:			
Revenue and other financing sources over (under) expenditures and other Uses	<u>10,103</u>	<u>41,058</u>	<u>17,506</u>
Fund Balance - April 1	196,259	210,040	256,447
Prior Period Adjustment	<u>40,218</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance April 1 (restated)	<u>236,477</u>	<u>210,040</u>	<u>256,447</u>
Fund Balance - March 31	<u>\$ 246,580</u>	<u>\$ 251,098</u>	<u>\$ 273,953</u>

The accompanying notes are an integral part of these financial statements.

<u>Ambulance</u>	<u>Waste Disposal</u>	<u>Other Funds</u>	<u>Totals</u>
\$ 76,598	\$ 329,648	\$ 118,623	\$ 1,091,861
-0-	-0-	3,608	458,911
84,395	-0-	2,670	134,083
-0-	-0-	34,934	40,563
907	1,379	648	12,882
<u>13,519</u>	<u>-0-</u>	<u>119,312</u>	<u>173,783</u>
<u>175,419</u>	<u>331,027</u>	<u>279,795</u>	<u>1,912,083</u>
-0-	-0-	-0-	433,193
-0-	-0-	-0-	330,489
-0-	-0-	60,087	508,552
245,762	-0-	-0-	245,762
-0-	300,269	-0-	300,269
-0-	-0-	105,002	105,002
-0-	-0-	10,140	10,140
-0-	-0-	64,784	64,784
14,700	-0-	20,000	65,449
<u>1,212</u>	<u>-0-</u>	<u>1,990</u>	<u>12,107</u>
<u>261,674</u>	<u>300,269</u>	<u>262,003</u>	<u>2,075,747</u>
<u>(86,255)</u>	<u>30,758</u>	<u>17,792</u>	<u>(163,664)</u>
-0-	-0-	61,887	134,487
-0-	-0-	(15,850)	(134,487)
<u>74,750</u>	<u>-0-</u>	<u>-0-</u>	<u>315,413</u>
<u>74,750</u>	<u>-0-</u>	<u>46,037</u>	<u>315,413</u>
<u>(11,505)</u>	<u>30,758</u>	<u>63,829</u>	<u>151,749</u>
121,504	347,232	109,479	1,240,961
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>40,218</u>
<u>121,504</u>	<u>347,232</u>	<u>109,479</u>	<u>1,281,179</u>
<u>\$ 109,999</u>	<u>\$ 377,990</u>	<u>\$ 173,308</u>	<u>\$ 1,432,928</u>

TOWNSHIP OF RICHFIELD  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2005

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 151,749

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds do not report long-term debt;  
therefore, debt service payments are recorded as  
expenditures. However in government-wide financial  
statements, long-term debt is recorded as a liability  
and payments are applied against the outstanding balances. (244,276)

Governmental funds report capital outlays as expenditures.  
However in the statement of activities, the cost of these  
assets are capitalized and depreciation charged to expense  
over their useful life. 337,927

CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 245,400

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD  
STATEMENT OF FIDUCIARY NET ASSETS  
MARCH 31, 2005

ASSETS	
Cash and Investments	<u>\$ 942,638</u>
LIABILITIES	
Due to Governmental Units	1,881
Undistributed Collections	<u>940,757</u>
Total Liabilities	<u>942,638</u>
NET ASSETS	
Net Assets	<u><u>\$ -0-</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
YEAR ENDED MARCH 31, 2005

REVENUES	
Property Tax Collections	\$ 3,553,617
Interest Collections	5,036
Health Care Benefits	1,308
Payroll Tax Withholdings	<u>264,007</u>
Total Revenues	<u>3,823,968</u>
EXPENDITURES	
Property Taxes	3,553,617
Payroll Tax Withholdings	264,007
Other	<u>6,344</u>
Total Expenditures	<u>3,823,968</u>
Excess of Revenues over Expenditures	-0-
Net Assets - April 1	<u>-0-</u>
Net Assets - March 31	<u><u>\$ -0-</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2005

NOTE A: ENTITY

The Township of Richfield is a general law township of the state of Michigan located in Roscommon County, Michigan. It operates under an elected board and provides services to its residents in many areas including liquor law enforcement, fire and ambulance services, community enrichment, and human services. As required by generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement no. 14 "The Financial Reporting Entity", these financial statements present the Township of South Branch (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Richfield conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

On April 1, 2004, the Township adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - And Management's Discussion and Analysis - for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: The government-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect expenses* are charged based upon a Township-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and select compensated absences are recorded only when payment is due.

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* is used to account for all financial activity related to the Township's fire service. The main source of revenue is derived from property taxes.

The *Law Enforcement Fund* is used to account for all financial activity related to the Township's police department. The main source of revenue is derived from property taxes and grants.

The *Ambulance Fund* is used to account for activity related to the Township's ambulance services. The major source of revenue is from property taxes and ambulance fees.

The *Waste Disposal Fund* is used to account for the Township's refuse pick-up services. The primary source of revenue is derived from property tax assessments.

TOWNSHIP OF RICHFIELD  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED MARCH 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Additionally, the Township reports the following fund types:

*Special Revenue Funds* are used to account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

*Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term debt of the Township.

*Capital Project Funds* account for the special assessment revenue and related expenditures for road improvement.

*Agency Funds* are used to account for assets held on behalf of outside parties, including other governments.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes are levied on December 1 of the following year. These taxes are due on February 15; uncollected amounts are subsequently added to the county delinquent tax rolls. A county revolving fund normally pays the balance of the Township's tax levy by May 31 of each year. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Township records the property tax revenue when it becomes an enforceable legal claim for the Township. Therefore, all taxes levied on December 1, 2004, are recorded as revenue in the current year. The Township's taxable value for the 2004 tax year totaled \$109,691,211.

The tax rates for the year ended March 31, 2005, were as follows:

<u>PURPOSE</u>	<u>RATE/ASSESSED VALUATION</u>
General	1.3986 mills per \$1,000
Fire	0.9322 mills per \$1,000
Ambulance	0.6992 mills per \$1,000
Fire Hall Bond	0.1890 mills per \$1,000
Police	1.3986 mills per \$1,000
Fire District	0.5000 mills per \$1,000
Police Special	1.0000 mills per \$1,000
Refuse	Special Assessment

BUDGETS - Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during January and February of each year and a budget hearing is held in March. The board normally adopts the budget just prior to April 1. Amendments are made to the budgets when determined to be necessary throughout the year. Unused appropriations for budgeted activities lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CAPITAL ASSETS - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their estimated fair value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on the capital assets (including infrastructure), is computed using the straight-line or sum-of-the-years digits method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings	30-50
Public domain infrastructure	8-50
Equipment	3-20

LONG-TERM OBLIGATIONS - In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWNSHIP OF RICHFIELD  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED MARCH 31 2005

NOTE C - CASH AND INVESTMENTS

The captions or combined balance sheet related to deposits and investments are as follows:

	Cash and Deposits
Government Activities	\$ 318,118
Agency Funds	942,638
Total	\$ 1,260,756

The Government Accounting Standards Board Statement No. 3 risk disclosures for Richfield Township's cash deposits are as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 378,968	\$ 385,255
Uninsured and Uncollateralized	881,788	903,059
Total Deposits	\$ 1,260,756	\$ 1,288,314

Deposits - At year-end, the carrying amount of the Township's deposits was \$1,260,756 and the bank balance was \$1,288,314. According to Section 330.8 of the Federal Deposit Insurance Corporation Rules and Regulations, 30% of the total bank balance was covered by federal depository insurance.

Investments - P.A. 20 of 1943, authorizes the Township to deposit and invest in the following:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- c. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- d. United States governmental or Federal agency obligation repurchase agreements.
- e. Bankers' acceptance of United States banks.
- f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

TOWNSHIP OF RICHFIELD  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED MARCH 31, 2005

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable consists of ambulance patient receivables of \$110,734, law enforcement of \$6,500, and miscellaneous receivables of \$262, totaling \$117,496.

NOTE E - DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consists of amounts due from the State of Michigan of \$45,933.

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2005 was as follows:

<u>Primary Government</u>	Beginning of year	Increases	Decreases	End of Year
Governmental activities:				
Land	<u>\$ 90,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 90,000</u>
Total capital Assets, not being depreciated	<u>90,000</u>	<u>-0-</u>	<u>-0-</u>	<u>90,000</u>
Capital assets, being depreciated:				
Building and improvements	520,612	6,262	-0-	526,874
Machinery and equipment	<u>584,680</u>	<u>442,299</u>	<u>45,635</u>	<u>981,344</u>
Total capital assets, being depreciated	<u>1,105,292</u>	<u>448,561</u>	<u>45,635</u>	<u>1,508,218</u>
Less accumulated depreciation for:				
Buildings and improvements	188,619	13,158	-0-	201,777
Machinery and equipment	<u>205,854</u>	<u>82,264</u>	<u>30,423</u>	<u>257,695</u>
Total accumulated depreciation	<u>394,473</u>	<u>95,422</u>	<u>15,212</u>	<u>459,472</u>
Net capital assets, being depreciated	<u>710,819</u>	<u>353,139</u>	<u>15,212</u>	<u>1,048,746</u>
Net governmental activities capital assets	<u>\$ 800,819</u>	<u>\$ 353,139</u>	<u>\$ 15,212</u>	<u>\$ 1,138,746</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 5,150
Public safety	85,306
Public works	440
Recreation and cultural	<u>4,526</u>
Total depreciation expense - governmental activities	<u>\$ 95,422</u>

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2005

NOTE G - LONG-TERM DEBT

The following is a summary of the debt outstanding of the Township as of March 31, 2005:

	<u>No. of Issues</u>	<u>Maximum Interest Rate %</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
Fire Hall Bond	1	11.00%	2005	\$ 20,000
Ambulance Installment Purchases	1	5.49%	2005	89,450
Law Enforcement Lease Purchases	1	6.71%	2007	20,921
Fire Lease Purchase	1	3.51%	2010	<u>209,914</u>
Total				<u>\$ 340,285</u>

CHANGES IN LONG-TERM DEBT

	<u>Balance April 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31</u>
Fire Hall Bonds	\$ 40,000	\$ -0-	\$ 20,000	\$ 20,000
Compensated Absences	14,414	8,405	-0-	22,819
Ambulance Installment Purchases	29,400	87,250	27,200	89,450
Law Enforcement Lease Purchases	35,014	-0-	14,093	20,921
Fire Pumper Truck Lease Purchase	<u>-0-</u>	<u>240,663</u>	<u>30,749</u>	<u>209,914</u>
Totals	<u>\$ 118,828</u>	<u>\$ 336,318</u>	<u>\$ 92,042</u>	<u>\$ 363,104</u>

TOWNSHIP OF RICHFIELD  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED MARCH 31, 2005

NOTE G - LONG-TERM DEBT (CONTINUED)

Annual requirements to amortize outstanding notes payable at March 31, 2005 are as follows:

	General Long-Term Debt				
	Fire Hall Bonds	Law Enforcement	Ambulance	Fire Truck	Totals
2005-2006	\$ 21,100	\$ 11,642	\$ 34,108	\$ 39,653	\$ 106,503
2006-2007	-0-	7,268	19,000	39,653	65,921
2007-2008	-0-	3,634	19,000	39,653	62,287
2008-2009	-0-	-0-	19,000	39,653	58,653
2009-2010	-0-	-0-	7,803	39,653	47,456
2010-2011	-0-	-0-	-0-	39,653	39,653
Subtotal	21,100	22,544	98,911	237,918	380,473
Less-interest requirements	(1,100)	(1,623)	(9,461)	(28,004)	(40,188)
	\$ 20,000	\$ 20,921	\$ 89,450	\$ 209,914	340,285
Compensated Absences					22,819
Total Principal Outstanding					\$ 363,104

Fire Hall Bonds - At a regular meeting of the Township Board, it was moved and supported to issue bonds totaling \$200,000 for improvements and an addition to the Township Fire Hall. The bonds are callable after May 1, 2005 with maturity on May 1, 2005 at a rate not exceeding 11%. Interest is due November 1 and May 1 of each year with principal due each May 1 beginning May 1, 1996.

Law Enforcement Lease Purchase - At regular meetings of the Township Board, it was moved and supported to enter into a lease purchase agreement for a 2005 Crown Victoria patrol car and a 2005 Ford Expedition. The payment schedule requires six semi-annual payments (6.71% annual) of \$4,374.19 commencing December 23, 2002 and continuing until June 23, 2005 and eight semi-annual payments (6.71% annual) at \$3,633.80 commencing December 9, 2003 and continuing until June 9, 2007. The Township will acquire ownership titles at the end of the payment schedules.

TOWNSHIP OF RICHFIELD  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED MARCH 31, 2005

NOTE G - LONG-TERM DEBT (CONTINUED)

Ambulance Installment Purchases - On November 20, 2000, the Township Board entered into an installment purchase contract for the purchase of an ambulance. The original balance was \$73,500 with annual principal payments of \$44,700 on June 15<sup>th</sup> and semi-annual interest payments dated June 15, and December 15 at an interest rate of 5.49%.

On November 30, 2004, the Township Board purchased a 2003 Ford E-350 Ambulance financed through an installment purchase agreement. The original balance was \$74,750 with four annual payments of \$19,000 beginning December 1, 2005 and a balloon payment of \$7,803 on December 1, 2009. Interest accrues at a rate of 4.25%.

Fire Lease Purchase - On June 25, 2003, the Township entered into a lease purchase agreement for the purchase of a fire pumper truck. The agreement called for a down payment of \$82,174 and seven annual payments of \$39,653 starting July 13, 2004 with the final payment on July 13, 2010.

Amount Available for Long-Term Debt - The \$1,797 represents the cash available and necessary to pay the principal requirements due at March 31, 2005.

NOTE H - PARTIAL SELF-INSURANCE

The Township is a member of the Michigan Township Participating Plan. Under most circumstances, the municipality's maximum coverage is limited as follows:

<u>Type</u>	<u>Limit</u>	<u>Deductible</u>
Property	\$ 1,500,101	\$ 100
Liability	2,000,000	-0-
Errors and Omission	2,000,000	-0-
Law Enforcement	2,000,000	-0-
Automobiles	2,000,000	100
Crime	1,000	-0-
Inland Marine	169,000	100
Workmen's Compensation	STATUTORY	-0-

TOWNSHIP OF RICHFIELD  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 YEAR ENDED MARCH 31, 2005

NOTE I - RESTRICTED NET ASSETS

The Board has restricted \$12,865 in the Library Fund representing donated monies that are to be used in a future building project that has not yet started.

NOTE J - POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note L the Township of Richfield provides post-retirement health care benefits. To be eligible, full time employees and elected officials must have more than 15 years of service with Richfield Township. These benefits were established by Board resolution and are funded on a pay-as-you-go basis. The cost for two participants during the year ended March 31, 2005 was \$14,863.

NOTE K - UNAUTHORIZED FUND BALANCE DEFICITS / CASH OVERDRAFTS:

Cash overdraft and fund balance deficits existed in the following funds as of March 31, 2005:

<u>Fund Type / Fund</u>	<u>Fund Balance Deficit</u>	<u>Cash Overdraft</u>
Special Revenue:		
Construction Codes	\$ (157)	\$ -0-
Capital Project:		
Piper	\$ -0-	\$ 165
Estwood	\$ (253)	\$ 253
Balsam	\$ -0-	\$ 150

Public Act 275 of 1980 requires Richfield Township to file a deficit elimination plan with the Michigan Department of Treasury within 90 days after the end of the fiscal year for each fund that ended that year in a deficit condition. Richfield Township had not filed the required plan as of the date of this audit.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2005

NOTE L - PENSION PLANS

Plan Description

Richfield Township participates in a defined benefit retirement plan administered by the Michigan Municipal Employees Retirement System, (MERS). The Townships payroll for the 14 members covered by the system for the year ended December 31, 2004 was \$389,603.

The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity qualified under section 401(a) of the Internal Revenue Code, which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996, allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a financial report, available to the public, that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 49817.

All full time Township employees are eligible to participate in the system. Benefits vest after ten years of service. Township employees who retire at or after age 60 with 10 years credited service or 50 with 25 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of the members's 3-year final average compensation with a maximum benefit of 80% of the 3-year final average compensation. The system also provides death and disability benefits which are established by the State Statute.

Participating Township employees are required to contribute 6.0 percent of their annual salary to the system. The Township is required to contribute the remaining amounts necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute.

Actuarial Accrued Liability - The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 2004. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit and (d) the assumption that benefits will increase 2.5% annually after retirement.

TOWNSHIP OF RICHFIELD  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 MARCH 31, 2005

NOTE L - PENSION PLANS (CONTINUED)

All entries are based on the actuarial methods and assumption that were used in the December 31, 2004 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial methods was used to determine the entries at disclosure.

GASB 25 INFORMATION (as of 12/31/04)

Actuarial Accrued Liability:

Retirees and beneficiaries currently receiving benefits	\$ 801,820
Terminated employees not yet receiving benefits	197,285
Non-Vested terminated employees	8,259
Current Employees:	
Accumulated employee contributions including allocated investment income	152,445
Employer financed	<u>485,821</u>
Total actuarial accrued liability	1,645,630
Net assets available for benefits, at actuarial value (Market value is \$1,100,879)	<u>1,127,812</u>
Unfunded (over funded) actuarial accrued liability	<u><u>\$ 517,818</u></u>

GASB 27 INFORMATION (as of 12/31/04)

Fiscal year beginning	April 1, 2006
Annual required contribution (ARC)	\$ 60,216
Amortization factor used	.053632

TOWNSHIP OF RICHFIELD  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 MARCH 31, 2005

NOTE L - PENSION PLANS (CONTINUED)

Contributions Required and Contributions Made - MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended December 31, 2004 were determined using the entry age normal actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

Annual Pension Cost

Year Ended December 31,	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
2002	\$ 36,553	100%	\$ -0-
2003	55,652	100%	-0-
2004	52,291	100%	-0-

Aggregate Accrued Liabilities - Comparative Schedule

Actuarial Valuation Date December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % Of Covered Payroll
2002	\$ 898,035	\$ 1,405,403	\$ 507,368	64%	\$ 418,749	121%
2003	1,027,176	1,485,240	458,064	69%	419,775	109%
2004	1,127,812	1,645,630	517,818	69%	389,603	133%

For actuarial valuation purposes, the actuarial value of assets is determined on the basis of a calculation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value.

Actuarial assumptions for MERS valuations were revised for the 1993, 1997, 2000, and 2004 valuations. The funding method was changed to entry age normal for the 1993 valuation.

NOTE M - PRIOR PERIOD ADJUSTMENT

The Township receives periodic payments from the State of Michigan for State Revenue Sharing. The payment received in May each year is for the months of January and February. In accordance with GASB Statement No. 34, an accrual was made to record the receivable as of March 31, 2005 and, consequently, a prior period adjustment for the prior year receivable of \$40,218 resulting in a restated General Fund beginning fund balance of \$236,477.

**REQUIRED  
SUPPLEMENTAL  
INFORMATION**

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes and Assessments:				
General property taxes	\$ 146,405	\$ 146,405	\$ 153,231	\$ 6,826
Trailer taxes	<u>120</u>	<u>120</u>	<u>114</u>	<u>(6)</u>
Total Taxes and Assessments	<u>146,525</u>	<u>146,525</u>	<u>153,345</u>	<u>6,820</u>
Intergovernmental:				
State shared revenues	307,619	307,619	310,239	2,620
Swamp tax	32,180	32,180	32,051	(129)
Metro act	<u>-0-</u>	<u>-0-</u>	<u>5,463</u>	<u>5,463</u>
Total Intergovernmental	<u>339,799</u>	<u>339,799</u>	<u>347,753</u>	<u>7,954</u>
Charges for Services:				
Fees	52,364	52,364	45,817	(6,547)
Rent	<u>600</u>	<u>600</u>	<u>401</u>	<u>(199)</u>
Total Charges for Services	<u>52,964</u>	<u>52,964</u>	<u>46,218</u>	<u>(6,746)</u>
Licenses and Permits	<u>5,000</u>	<u>5,000</u>	<u>5,629</u>	<u>629</u>
Interest	<u>5,000</u>	<u>5,000</u>	<u>7,879</u>	<u>2,879</u>
Other:				
Refunds & reimbursements	<u>1,000</u>	<u>1,000</u>	<u>1,109</u>	<u>109</u>
Total Other	<u>1,000</u>	<u>1,000</u>	<u>1,109</u>	<u>109</u>
Total Revenues	<u>550,288</u>	<u>550,228</u>	<u>561,933</u>	<u>11,645</u>

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government				
Township Board:				
Salaries-board	\$ 3,600	\$ 3,600	\$ 3,600	\$ -0-
Payroll taxes	275	275	275	-0-
Health/life insurance	3,600	3,600	-0-	3,600
Legal fees	2,300	2,300	2,391	(91)
Dues	500	500	3,140	(2,640)
Professional services	4,000	4,000	2,625	1,375
Insurance and bonds	20,000	20,000	20,492	(492)
Printing and publishing	2,000	2,000	1,606	394
Office supplies	3,600	3,600	4,040	(440)
Miscellaneous	<u>2,050</u>	<u>2,050</u>	<u>1,111</u>	<u>939</u>
 Total Township Board	 <u>41,925</u>	 <u>41,925</u>	 <u>39,280</u>	 <u>2,645</u>
Township Supervisor:				
Salaries & wages	54,039	54,039	51,245	2,794
Payroll taxes	4,135	4,135	3,920	215
Mileage	500	500	338	162
Office supplies	2,400	2,400	2,299	101
Printing & publishing	4,900	4,900	4,983	(83)
Education & training	<u>200</u>	<u>200</u>	<u>-0-</u>	<u>200</u>
 Total Township Supervisor	 <u>66,174</u>	 <u>66,174</u>	 <u>62,785</u>	 <u>3,389</u>
Elections:				
Salaries & wages	5,000	5,000	4,867	133
Contract services	-0-	-0-	2,811	(2,811)
Repairs and maintenance	1,500	1,500	1,392	108
Mileage	300	300	143	157
Office supplies	1,000	1,000	1,062	(62)
Printing & publishing	2,000	2,000	13	1,987
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>-0-</u>	<u>1,000</u>
 Total Elections	 <u>10,800</u>	 <u>10,800</u>	 <u>10,288</u>	 <u>512</u>

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government (continued)				
Township Clerk:				
Salary - clerk	\$ 19,039	\$ 19,039	\$ 19,406	\$ (367)
Salary - deputy	7,280	7,280	7,420	(140)
Payroll taxes	2,013	2,013	2,052	(39)
Mileage	500	500	349	151
Office supplies	300	300	119	181
Education & training	<u>200</u>	<u>200</u>	<u>450</u>	<u>(250)</u>
Total Township Clerk	<u>29,332</u>	<u>29,332</u>	<u>29,796</u>	<u>(464)</u>
Township Treasurer:				
Salary - treasurer	19,039	19,039	19,405	(366)
Salary - deputy	5,200	5,200	5,300	(100)
Payroll taxes	1,900	1,900	1,890	10
Office supplies	4,200	4,200	3,920	280
Mileage	450	450	353	97
Tax statements	5,000	5,000	5,734	(734)
Education & training	<u>200</u>	<u>200</u>	<u>360</u>	<u>(160)</u>
Total Township Treasurer	<u>35,989</u>	<u>35,989</u>	<u>36,962</u>	<u>(973)</u>
Board of Review:				
Meeting allowance	1,600	1,600	660	940
Printing & publishing	100	100	64	36
Education & training	<u>200</u>	<u>200</u>	<u>-0-</u>	<u>200</u>
Total Board of Review	<u>1,900</u>	<u>1,900</u>	<u>724</u>	<u>1,176</u>

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government (continued)				
Township Hall:				
Salaries & wages	\$ 79,000	\$ 79,000	\$ 75,738	\$ 3,262
Payroll taxes	8,550	8,550	7,573	977
Utilities	10,000	10,000	9,923	77
Health insurance	53,755	53,755	71,590	(17,835)
Repairs and maintenance	15,500	15,500	9,238	6,262
Mileage	500	500	149	351
Communications	5,000	5,000	4,314	686
Supplies	500	500	507	(7)
Contracted services	<u>11,000</u>	<u>11,000</u>	<u>5,265</u>	<u>5,735</u>
Total Township Hall	<u>183,805</u>	<u>183,805</u>	<u>184,297</u>	<u>(492)</u>
Planning & zoning:				
Wages & meetings	15,100	15,100	10,685	4,415
Payroll taxes	890	890	817	73
Legal & professional	2,000	2,000	847	1,153
Mileage	200	200	-0-	200
Office supplies	500	500	515	(15)
Printing & publishing	500	500	618	(118)
Miscellaneous	<u>600</u>	<u>600</u>	<u>138</u>	<u>462</u>
Total Planning & Zoning	<u>19,790</u>	<u>19,790</u>	<u>13,620</u>	<u>6,170</u>
Other Activities:				
M.E.R.S.	40,000	40,000	36,058	3,942
Airport	3,000	3,000	2,308	692
Street lights	17,500	17,500	17,075	425
Miscellaneous	<u>4,000</u>	<u>4,000</u>	<u>-0-</u>	<u>4,000</u>
Total Other Activities	<u>64,500</u>	<u>64,500</u>	<u>55,441</u>	<u>9,059</u>
Total Expenditures	<u>454,215</u>	<u>454,215</u>	<u>433,193</u>	<u>21,022</u>

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess:				
Revenues over (under) expenditures	\$ 96,073	\$ 96,073	\$ 128,740	\$ 32,667
Other Financing Sources (Uses):				
Operating transfers out	(108,073)	(108,073)	(118,637)	(10,564)
Total Other Financing Sources (Uses)	(108,073)	(108,073)	(118,637)	(10,564)
Excess:				
Revenue over (under) expenditures and other financing uses	(12,000)	(12,000)	10,103	22,103
Fund Balance - April 1	196,259	196,259	196,259	-0-
Prior Period Adjustment	-0-	-0-	40,218	40,218
Fund Balance - April 1 (restated)	196,259	196,259	236,477	40,218
Fund Balance - March 31	<u>\$ 184,259</u>	<u>\$ 184,259</u>	<u>\$ 246,580</u>	<u>\$ 62,321</u>

TOWNSHIP OF RICHFIELD  
FIRE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2005

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 147,222	\$ 147,222	\$ 154,884	\$ 7,662
State	-0-	-0-	2,136	2,136
Charges for services	5	5	20	15
Interest	500	500	1,310	810
Other	<u>1,000</u>	<u>1,000</u>	<u>12,188</u>	<u>11,188</u>
Total Revenues	<u>148,727</u>	<u>148,727</u>	<u>170,538</u>	<u>21,811</u>
Expenditures:				
Wages	45,400	45,400	27,900	17,500
Fringe benefits	3,500	3,500	2,587	913
Utilities	3,500	3,500	3,659	(159)
Communication	1,500	1,500	1,323	177
Training & education	1,400	1,400	607	793
Insurance	19,000	19,000	18,692	308
Supplies/repairs/maintenance	20,200	20,200	18,972	1,228
Services	1,150	1,150	525	625
Travel & meals	1,800	1,800	225	1,575
Miscellaneous	1,850	1,850	1,637	213
Equipment/building	113,717	113,717	254,362	(140,645)
Debt Source:				
Principal	-0-	-0-	30,749	(30,749)
Interest	<u>-0-</u>	<u>-0-</u>	<u>8,905</u>	<u>(8,905)</u>
Total Expenditures	<u>213,017</u>	<u>213,017</u>	<u>370,143</u>	<u>(157,126)</u>
Excess:				
Revenues over (under) expenditures	<u>(64,290)</u>	<u>(64,290)</u>	<u>(199,605)</u>	<u>(135,315)</u>
Other Financing Sources (Uses):				
Proceeds from Long Term Debt	<u>-0-</u>	<u>-0-</u>	<u>240,663</u>	<u>240,663</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>240,663</u>	<u>240,663</u>
Excess:				
Revenue and other financing sources over (under) expenditures	(64,290)	(69,290)	41,058	105,348
Fund Balance - April 1	<u>64,290</u>	<u>64,290</u>	<u>210,040</u>	<u>145,750</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 251,098</u>	<u>\$ 251,098</u>

TOWNSHIP OF RICHFIELD  
LAW ENFORCEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2005

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 245,473	\$ 245,473	\$ 258,763	\$ 13,290
Federal	66,000	66,000	80,339	14,339
State	1,000	1,000	25,075	24,075
Charges for services	350	350	780	430
Interest	400	400	759	359
Penal Fines	2,500	2,500	4,013	1,513
Other	<u>8,072</u>	<u>8,072</u>	<u>23,642</u>	<u>15,570</u>
Total Revenues	<u>323,795</u>	<u>323,795</u>	<u>393,371</u>	<u>69,576</u>
Expenditures:				
Wages	234,930	234,930	225,324	9,606
Payroll taxes	20,500	20,500	19,598	902
Fringe benefits	47,650	57,650	53,475	4,175
Utilities	3,500	3,500	3,808	(308)
Education & training	1,200	1,200	5,248	(4,048)
Office supplies	3,500	3,500	2,029	1,471
Insurance	20,000	20,000	18,697	1,303
Supplies/repairs	20,465	20,465	35,848	(15,383)
Contract services	2,400	2,400	1,784	616
Miscellaneous	650	650	3,136	(2,486)
Equipment lease	9,000	9,000	16,016	(7,016)
Capital outlay	<u>34,000</u>	<u>34,000</u>	<u>63,502</u>	<u>(29,502)</u>
Total Expenditures	<u>397,795</u>	<u>407,795</u>	<u>448,465</u>	<u>(40,670)</u>
Excess:				
Revenues over (under) expenditures	<u>(74,000)</u>	<u>(84,000)</u>	<u>(55,094)</u>	<u>28,906</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>62,600</u>	<u>72,600</u>	<u>72,600</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>62,600</u>	<u>72,600</u>	<u>72,600</u>	<u>-0-</u>
Excess:				
Revenue and other financing sources over (under) expenditures and financing uses	(11,400)	(11,400)	17,506	28,906
Fund Balance - April 1	<u>11,400</u>	<u>11,400</u>	<u>256,447</u>	<u>245,047</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 273,953</u>	<u>\$ 273,953</u>

TOWNSHIP OF RICHFIELD  
 AMBULANCE FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 YEAR ENDED MARCH 31, 2005

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 73,300	\$ 73,300	\$ 76,598	\$ 3,298
Charges for services	80,000	80,000	84,395	4,395
Interest	500	500	907	407
Other	<u>-0-</u>	<u>-0-</u>	<u>13,519</u>	<u>13,519</u>
Total Revenues	<u>153,800</u>	<u>153,800</u>	<u>175,419</u>	<u>21,619</u>
Expenditures:				
Wages	52,500	52,500	53,931	(1,431)
Payroll taxes	4,020	4,020	3,673	347
Education & training	3,000	3,000	3,026	(26)
Utilities	5,500	5,500	4,976	524
Vehicle	6,000	6,000	4,081	1,919
Mileage	2,000	2,000	2,269	(269)
Office supplies	100	100	-0-	100
Insurance	11,000	11,000	9,216	1,784
Supplies/repairs	9,000	9,000	6,917	2,083
Contract services	55,900	55,900	64,676	(8,776)
Miscellaneous	700	700	480	220
Capital outlay	34,280	34,280	92,517	(58,237)
Debt service:				
Principal	16,800	16,800	14,700	2,100
Interest	<u>-0-</u>	<u>-0-</u>	<u>1,212</u>	<u>(1,212)</u>
Total Expenditures	<u>200,800</u>	<u>200,800</u>	<u>261,674</u>	<u>(60,874)</u>
Excess:				
Revenues over (under) expenditures	<u>(47,000)</u>	<u>(47,000)</u>	<u>(86,255)</u>	<u>(39,255)</u>
Other Financing Sources (Uses):				
Proceeds from Long Term Debt	<u>-0-</u>	<u>-0-</u>	<u>74,750</u>	<u>74,750</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>74,750</u>	<u>74,750</u>
Excess:				
Revenue and other financing sources over (under) expenditures and financing uses	(47,000)	(47,000)	(11,505)	35,495
Fund Balance - April 1	<u>47,000</u>	<u>47,000</u>	<u>121,504</u>	<u>74,504</u>
Fund Balance - March 31	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 109,999</u></u>	<u><u>\$ 109,999</u></u>

TOWNSHIP OF RICHFIELD  
WASTE DISPOSAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 329,648	\$ 329,648	\$ 329,648	\$ -0-
Interest	<u>1,500</u>	<u>1,500</u>	<u>1,379</u>	<u>(121)</u>
Total Revenues	<u>331,148</u>	<u>331,148</u>	<u>331,027</u>	<u>(121)</u>
Expenditures:				
Contract services	<u>344,748</u>	<u>344,748</u>	<u>300,269</u>	<u>44,479</u>
Total Expenditures	<u>344,748</u>	<u>344,748</u>	<u>300,269</u>	<u>44,479</u>
Excess:				
Revenues over (under) expenditures	(13,600)	(13,600)	30,758	44,358
Fund Balance - April 1	<u>13,600</u>	<u>13,600</u>	<u>347,232</u>	<u>333,632</u>
Fund Balance - March 31	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 377,990</u></u>	<u><u>\$ 377,990</u></u>

**OTHER  
SUPPLEMENTAL  
INFORMATION**

TOWNSHIP OF RICHFIELD  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 MARCH 31, 2005

	Special Revenue Funds			
	Road	Park	Liquor Law Enforcement	Construction Codes
<b>ASSETS</b>				
Cash and investments	\$ 9,566	\$ 4,264	\$ 213	\$ 191
Taxes receivable	-0-	-0-	-0-	-0-
Total Assets	\$ 9,566	\$ 4,264	\$ 213	\$ 191
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ 348
Total Liabilities	-0-	-0-	-0-	348
<b>Fund Balance:</b>				
Designated	-0-	-0-	-0-	-0-
Undesignated	9,566	4,264	213	(157)
Total Fund Equity	9,566	4,264	213	(157)
Total Liabilities and Fund Equity	\$ 9,566	\$ 4,264	\$ 213	\$ 191

				Debt Service Funds
<u>Budget Stabilization</u>	<u>Drug Law Enforcement</u>	<u>Library</u>	<u>Cemetery</u>	<u>Fire Hall Bond</u>
\$ 12,123	\$ 1,319	\$ 23,790	\$ 15,127	\$ 1,797
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>20,665</u>
<u>\$ 12,123</u>	<u>\$ 1,319</u>	<u>\$ 23,790</u>	<u>\$ 15,127</u>	<u>\$ 22,462</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,630</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>-0-</u>	<u>-0-</u>	<u>1,630</u>	<u>-0-</u>	<u>-0-</u>
<u>-0-</u>	<u>-0-</u>	<u>12,865</u>	<u>-0-</u>	<u>-0-</u>
<u>12,123</u>	<u>1,319</u>	<u>9,295</u>	<u>15,127</u>	<u>22,462</u>
<u>12,123</u>	<u>1,319</u>	<u>22,160</u>	<u>15,127</u>	<u>22,462</u>
<u>\$ 12,123</u>	<u>\$ 1,319</u>	<u>\$ 23,790</u>	<u>\$ 15,127</u>	<u>\$ 22,462</u>

TOWNSHIP OF RICHFIELD  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 MARCH 31, 2005

	Capital Project Funds			
	Road Improvement	Sunset Drive	Piper	Lakewood Beach
<b>ASSETS</b>				
Cash and investments	\$ 232	\$ 5,693	\$ (165)	\$ 1,712
Taxes receivable	<u>33,435</u>	<u>1,700</u>	<u>330</u>	<u>-0-</u>
Total Assets	<u>\$ 33,667</u>	<u>\$ 7,393</u>	<u>\$ 165</u>	<u>\$ 1,712</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Fund Balance:</b>				
Designated	-0-	-0-	-0-	-0-
Undesignated	<u>33,667</u>	<u>7,393</u>	<u>165</u>	<u>1,712</u>
Total Fund Equity	<u>33,667</u>	<u>7,393</u>	<u>165</u>	<u>1,712</u>
Total Liabilities and Fund Equity	<u>\$ 33,667</u>	<u>\$ 7,393</u>	<u>\$ 165</u>	<u>\$ 1,712</u>

<u>Riverside Drive East</u>	<u>Riverside Drive West</u>	<u>Public Improvement</u>	<u>Maple Cemetery</u>	<u>Blueberry Acre</u>	<u>June Street</u>
\$ 2,683	\$ 1,239	\$ 4,518	\$ 73	\$ 3,934	\$ 1,390
<u>1,075</u>	<u>1,440</u>	<u>-0-</u>	<u>475</u>	<u>7,080</u>	<u>1,400</u>
<u>\$ 3,758</u>	<u>\$ 2,679</u>	<u>\$ 4,518</u>	<u>\$ 548</u>	<u>\$ 11,014</u>	<u>\$ 2,790</u>
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
-0-	-0-	-0-	-0-	-0-	-0-
<u>3,758</u>	<u>2,679</u>	<u>4,518</u>	<u>548</u>	<u>11,014</u>	<u>2,790</u>
<u>3,758</u>	<u>2,679</u>	<u>4,518</u>	<u>548</u>	<u>11,014</u>	<u>2,790</u>
<u>\$ 3,758</u>	<u>\$ 2,679</u>	<u>\$ 4,518</u>	<u>\$ 548</u>	<u>\$ 11,014</u>	<u>\$ 2,790</u>

TOWNSHIP OF RICHFIELD  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 MARCH 31, 2005

	Capital Project Funds			
	Richter Street	Elm Street	Ausable River Estates	Hiawatha
<b>ASSETS</b>				
Cash and investments	\$ 1,019	\$ 800	\$ 9	\$ 362
Taxes receivable	<u>920</u>	<u>760</u>	<u>2,600</u>	<u>40</u>
Total Assets	<u>\$ 1,939</u>	<u>\$ 1,560</u>	<u>\$ 2,609</u>	<u>\$ 402</u>
 <b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 <b>Fund Balance:</b>				
Designated	-0-	-0-	-0-	-0-
Undesignated	<u>1,939</u>	<u>1,560</u>	<u>2,609</u>	<u>402</u>
Total Fund Equity	<u>1,936</u>	<u>1,560</u>	<u>2,609</u>	<u>402</u>
Total Liabilities and Fund Equity	<u>\$ 1,936</u>	<u>\$ 1,560</u>	<u>\$ 2,609</u>	<u>\$ 402</u>

<u>Tamarack</u>	<u>Estwood</u>	<u>Balsam Avenue</u>	<u>Barney-Matt</u>	<u>Hoffmeister</u>	<u>Mendota</u>
\$ 817	\$ (253)	\$ (150)	\$ 8	\$ 495	\$ 3,283
<u>-0-</u>	<u>-0-</u>	<u>480</u>	<u>450</u>	<u>700</u>	<u>3,000</u>
<u>\$ 817</u>	<u>\$ (253)</u>	<u>\$ 330</u>	<u>\$ 458</u>	<u>\$ 1,195</u>	<u>\$ 6,283</u>
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
-0-	-0-	-0-	-0-	-0-	-0-
<u>817</u>	<u>(253)</u>	<u>330</u>	<u>458</u>	<u>1,195</u>	<u>6,283</u>
<u>817</u>	<u>(253)</u>	<u>330</u>	<u>458</u>	<u>1,195</u>	<u>6,283</u>
<u>\$ 817</u>	<u>\$ (253)</u>	<u>\$ 330</u>	<u>\$ 458</u>	<u>\$ 1,195</u>	<u>\$ 6,283</u>

TOWNSHIP OF RICHFIELD  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 MARCH 31, 2005

	Capital Project Funds		
	Sioux Road	Brown Street	Totals
ASSETS			
Cash and investments	\$ 766	\$ 11	\$ 96,866
Taxes receivable	1,350	520	78,420
Total Assets	\$ 2,116	\$ 531	\$ 175,286
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	-0-	-0-	1,978
Total Liabilities	-0-	-0-	1,978
Fund Balance:			
Designated	-0-	-0-	12,865
Undesignated	2,116	531	160,443
Total Fund Equity	2,116	531	173,308
Total Liabilities and Fund Equity	\$ 2,116	\$ 531	\$ 175,286

TOWNSHIP OF RICHFIELD  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUND  
 YEAR ENDED MARCH 31, 2005

	Special Revenue Funds			
	Road	Park	Liquor Law Enforcement	Construction Codes
<b>Revenues:</b>				
Taxes	\$ -0-	\$ -0-	\$ -0-	\$ -0-
State	-0-	-0-	-0-	-0-
Charges for services	-0-	1,310	-0-	-0-
License and permits	-0-	-0-	-0-	34,934
Interest	92	61	4	-0-
Penal Fines	-0-	-0-	-0-	-0-
Other	981	24,974	2,311	341
<b>Total Revenues</b>	<u>1,073</u>	<u>26,345</u>	<u>2,315</u>	<u>35,275</u>
<b>Expenditures:</b>				
Wages	-0-	355	-0-	15,000
Payroll taxes	-0-	-0-	-0-	1,597
Fringe benefits	-0-	-0-	-0-	3,108
Utilities	-0-	3,920	-0-	450
Mileage	-0-	-0-	2,296	19,950
Office supplies	-0-	-0-	-0-	1,130
Insurance	-0-	3,277	-0-	-0-
Supplies/repairs	-0-	3,815	-0-	-0-
Contract services	70	-0-	-0-	100
Miscellaneous	-0-	-0-	-0-	942
Capital outlay	-0-	26,819	-0-	-0-
Debt payments	-0-	-0-	-0-	-0-
<b>Total Expenditures</b>	<u>70</u>	<u>38,186</u>	<u>2,296</u>	<u>42,277</u>
<b>Excess:</b>				
Revenues over (under) expenditures	<u>1,003</u>	<u>(11,841)</u>	<u>19</u>	<u>(7,002)</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	-0-	9,500	-0-	7,650
Operating transfers out	-0-	-0-	-0-	-0-
<b>Total Other Financing Sources (Uses)</b>	<u>-0-</u>	<u>9,500</u>	<u>-0-</u>	<u>7,650</u>
<b>Excess:</b>				
Revenue and other financing sources over (under) expenditures and financing uses	1,003	(2,341)	19	648
<b>Fund Balance - April 1</b>	<u>8,563</u>	<u>6,605</u>	<u>194</u>	<u>(805)</u>
<b>Fund Balance - March 31</b>	<u>\$ 9,566</u>	<u>\$ 4,264</u>	<u>\$ 213</u>	<u>\$ (157)</u>

				Debt Service Funds	
Budget Stabilization	Drug Law Enforcement	Library	Cemetery	Fire Hall Bond	
\$ -0-	\$ -0-	\$ 7,069	\$ -0-	\$ 20,732	
-0-	-0-	3,608	-0-	-0-	
-0-	-0-	1,360	-0-	-0-	
-0-	-0-	-0-	-0-	-0-	
-0-	-0-	377	93	21	
-0-	-0-	52,317	-0-	-0-	
-0-	15,550	4,428	18,410	-0-	
-0-	15,550	69,159	18,503	20,753	
-0-	-0-	32,688	-0-	-0-	
-0-	-0-	3,573	-0-	-0-	
-0-	-0-	7,612	-0-	-0-	
-0-	-0-	2,771	164	-0-	
-0-	-0-	126	-0-	-0-	
-0-	-0-	3,259	-0-	-0-	
-0-	-0-	724	500	-0-	
-0-	4,151	13,061	401	-0-	
-0-	0	100	8,850	-0-	
-0-	-0-	2,902	225	-0-	
-0-	11,363	-0-	-0-	-0-	
-0-	-0-	-0-	-0-	21,990	
-0-	15,514	66,816	10,140	21,990	
-0-	36	2,343	8,363	(1,237)	
27,973	-0-	10,000	6,764	-0-	
(15,850)	-0-	-0-	-0-	-0-	
12,123	-0-	-0-	6,764	-0-	
12,123	36	12,343	15,127	(1,237)	
-0-	1,283	9,817	-0-	23,699	
\$ 12,123	\$ 1,319	\$ 22,160	\$ 15,127	\$ 22,462	

TOWNSHIP OF RICHFIELD  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUND  
 YEAR ENDED MARCH 31, 2005

	Capital Project Funds			
	Road Improvements	Sunset Drive	Piper	Lakewood Beach Subdivision
Revenues:				
Taxes	\$ 66,142	\$ 1,700	\$ 330	\$ -0-
State	-0-	-0-	-0-	-0-
Charges for services	-0-	-0-	-0-	-0-
License and permits	-0-	-0-	-0-	-0-
Interest	-0-	-0-	-0-	-0-
Penal Fines	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
	66,142	1,700	330	-0-
Total Revenues				
Expenditures:				
Personal service	-0-	-0-	-0-	-0-
Payroll taxes	-0-	-0-	-0-	-0-
Fringe benefits	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-
Mileage	-0-	-0-	-0-	-0-
Office supplies	-0-	-0-	-0-	-0-
Insurance	-0-	-0-	-0-	-0-
Supplies/repairs	-0-	-0-	-0-	-0-
Contract services	39,646	2,060	334	1,205
Miscellaneous	-0-	-0-	-0-	-0-
Capital outlay	-0-	-0-	-0-	-0-
Debt payments	-0-	-0-	-0-	-0-
	39,646	2,060	334	1,205
Total Expenditures				
Excess:				
Revenues over (under) expenditures	26,496	(360)	(4)	(1,205)
Other Financing Sources (Uses):				
Operating transfers in	-0-	-0-	-0-	-0-
Operating transfers out	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	-0-	-0-	-0-	-0-
Excess:				
Revenue and other financing sources over (under) expenditures and financing uses	26,496	(360)	(4)	(1,205)
Fund Balance - April 1	7,171	7,753	169	2,917
Fund Balance - March 31	\$ 33,667	\$ 7,393	\$ 165	\$ 1,712

<u>Riverside Drive East</u>	<u>Riverside Drive West</u>	<u>Public Improvement</u>	<u>Maple Avenue</u>	<u>Blueberry Acre</u>	<u>June Street</u>
\$ 1,075	\$ 1,440	\$ -0-	\$ 475	\$ 7,080	\$ 1,440
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
<u>1,075</u>	<u>1,440</u>	<u>-0-</u>	<u>475</u>	<u>7,080</u>	<u>1,440</u>
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
1,249	959	-0-	330	7,747	1,663
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
<u>1,249</u>	<u>959</u>	<u>-0-</u>	<u>330</u>	<u>7,747</u>	<u>1,663</u>
(174)	481	-0-	145	(667)	(223)
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
(174)	481	-0-	145	(667)	(223)
<u>3,932</u>	<u>2,198</u>	<u>4,518</u>	<u>403</u>	<u>11,681</u>	<u>3,013</u>
<u>\$ 3,758</u>	<u>\$ 2,679</u>	<u>\$ 4,518</u>	<u>\$ 548</u>	<u>\$ 11,014</u>	<u>\$ 2,790</u>

TOWNSHIP OF RICHFIELD  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUND  
 YEAR ENDED MARCH 31, 2005

	Capital Project Funds			
	Richter Street	Elm Street	Ausable River Estates	Hiawatha
Revenues:				
Taxes	\$ 920	\$ 760	\$ 2,560	\$ 40
State	-0-	-0-	-0-	-0-
Charges for services	-0-	-0-	-0-	-0-
License and permits	-0-	-0-	-0-	-0-
Interest	-0-	-0-	-0-	-0-
Penal Fines	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Total Revenues	<u>920</u>	<u>760</u>	<u>2,560</u>	<u>40</u>
Expenditures:				
Personal service	-0-	-0-	-0-	-0-
Payroll taxes	-0-	-0-	-0-	-0-
Fringe benefits	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-
Mileage	-0-	-0-	-0-	-0-
Office supplies	-0-	-0-	-0-	-0-
Insurance	-0-	-0-	-0-	-0-
Supplies/repairs	-0-	-0-	-0-	-0-
Contract services	702	350	2,442	591
Miscellaneous	-0-	-0-	-0-	-0-
Capital outlay	-0-	-0-	-0-	-0-
Debt payments	-0-	-0-	-0-	-0-
Total Expenditures	<u>702</u>	<u>350</u>	<u>2,442</u>	<u>591</u>
Excess:				
Revenues over (under) expenditures	<u>218</u>	<u>410</u>	<u>118</u>	<u>(551)</u>
Other Financing Sources (Uses):				
Operating transfers in	-0-	-0-	-0-	-0-
Operating transfers out	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess:				
Revenue and other financing sources over (under) expenditures and financing uses	218	410	118	(551)
Fund Balance - April 1	<u>1,721</u>	<u>1,150</u>	<u>2,491</u>	<u>953</u>
Fund Balance - March 31	<u>\$ 1,939</u>	<u>\$ 1,560</u>	<u>\$ 2,609</u>	<u>\$ 402</u>

<u>Tamarack</u>	<u>Estwood</u>	<u>Balsam Avenue</u>	<u>Barney-Matt</u>	<u>Hoffmeister</u>	<u>Mendota</u>
\$ -0-	\$ -0-	\$ 480	\$ 450	\$ 700	\$ 3,000
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>480</u>	<u>450</u>	<u>700</u>	<u>3,000</u>
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
539	1,180	330	320	390	1,052
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
<u>539</u>	<u>1,180</u>	<u>330</u>	<u>320</u>	<u>390</u>	<u>1,052</u>
<u>(539)</u>	<u>(1,180)</u>	<u>150</u>	<u>130</u>	<u>310</u>	<u>1,948</u>
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
(539)	(1,180)	150	130	310	1,948
<u>1,356</u>	<u>927</u>	<u>180</u>	<u>328</u>	<u>885</u>	<u>4,335</u>
<u>\$ 817</u>	<u>\$ (253)</u>	<u>\$ 330</u>	<u>\$ 458</u>	<u>\$ 1,195</u>	<u>\$ 6,283</u>

TOWNSHIP OF RICHFIELD  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUND  
 YEAR ENDED MARCH 31, 2005

	Capital Project Funds		
	Sioux Road	Brown Street	Totals
Revenues:			
Taxes	\$ 1,350	\$ 880	\$ 118,623
State	-0-	-0-	3,608
Charges for services	-0-	-0-	2,670
License and permits	-0-	-0-	34,934
Interest	-0-	-0-	648
Penal Fines	-0-	-0-	52,317
Other	-0-	-0-	66,995
	<u>1,350</u>	<u>880</u>	<u>279,795</u>
Total Revenues			
Expenditures:			
Personal service	-0-	-0-	48,043
Payroll taxes	-0-	-0-	5,170
Fringe benefits	-0-	-0-	10,720
Utilities	-0-	-0-	7,305
Mileage	-0-	-0-	22,372
Office supplies	-0-	-0-	4,389
Insurance	-0-	-0-	4,501
Supplies/repairs	-0-	-0-	21,428
Contract services	1,276	349	73,834
Miscellaneous	-0-	-0-	4,069
Capital outlay	-0-	-0-	38,182
Debt payments	-0-	-0-	21,990
	<u>1,276</u>	<u>349</u>	<u>262,003</u>
Total Expenditures			
Excess:			
Revenues over (under) expenditures	<u>74</u>	<u>531</u>	<u>17,792</u>
Other Financing Sources (Uses):			
Operating transfers in	-0-	-0-	61,887
Operating transfers out	-0-	-0-	(15,850)
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>46,037</u>
Excess:			
Revenue and other financing sources over (under) expenditures and financing uses	<u>74</u>	<u>531</u>	<u>63,829</u>
Fund Balance - April 1	<u>2,042</u>	<u>-0-</u>	<u>109,479</u>
Fund Balance - March 31	<u>\$ 2,116</u>	<u>\$ 531</u>	<u>\$ 173,308</u>

**RICHFIELD TOWNSHIP  
REPORT TO MANAGEMENT  
MARCH 31, 2005**



# Anderson & Decker, P.C.

**CERTIFIED PUBLIC ACCOUNTANTS**

245 Lake Street • P.O. Box 746 • Roscommon, MI 48653  
(989) 275-8831

August 25, 2005

Township Board  
Richfield Township  
Roscommon, Michigan

In planning and performing our audit of the financial statements of the Richfield Township, as of and for the year ended March 31, 2005, we considered the Township's accounting, operational, and internal control procedures to determine the nature and extent of our audit testing for the purpose of expressing an opinion on the financial statements of the Township and not to provide assurance on the procedures themselves.

We did however, during the course of our audit, become aware of certain matters that are opportunities for enhancing those procedures or controls. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated August 25, 2005, on the financial statements of Richfield Township.

We have already discussed these comments and suggestions with the Township's personnel, and we will be pleased to discuss them in further detail at your convenience, and/or to perform any additional studies of these matters, should you so desire.

Sincerely,

ANDERSON & DECKER, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

**RICHFIELD TOWNSHIP  
COMMENTS AND RECOMMENDATIONS**

**Fund Balance Deficit**

As of March 31, 2005, the following funds ended the year with a fund balance deficit:

<u>Fund Type / Fund</u>	<u>Fund Balance Deficit</u>
Special Revenue:	
Construction Codes	\$ <u>      (157)</u>
Capital Project:	
Estwood	\$ <u>      (253)</u>

State statute requires the Township to submit a plan to the Department of Treasury for the elimination of the above fund balance deficits. This should be done as soon as possible through Board action.

**Budget Law**

Public Act 621 of 1978, entitled the Uniform Budgeting and Accounting Act, requires that the Township Board adopt a general appropriations act. The adoption of a general appropriations act encompasses all governmental funds of the Township.

The Act provides, in part, that expenditures incurred on a functional basis cannot exceed the budgeted amounts. During the year ended March 31, 2005, certain areas did exceed the budgeted amounts as noted below.

We recommend that the Township Board: (1) review all requirements of Public Act 621 of 1978 as amended; (2) adopt a general appropriations act for the General Fund, all Special Revenue Funds and all Debt Service Funds; (3) ascertain that functional and/or activity expenditures do not exceed the amounts budgeted.

The Township incurred functional expenditures in excess of the amount appropriated as follows:

<u>Fund/Function</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Township Clerk	\$ <u>      29,332</u>	\$ <u>      29,796</u>	\$ <u>      (464)</u>
Township Treasurer	\$ <u>      35,989</u>	\$ <u>      36,962</u>	\$ <u>      (973)</u>
Township Hall	\$ <u>    183,805</u>	\$ <u>    184,297</u>	\$ <u>      (492)</u>
Special Revenue Funds:			
Fire Fund	\$ <u>    213,017</u>	\$ <u>    370,143</u>	\$ <u> (157,126)</u>
Law Enforcement Fund	\$ <u>    407,795</u>	\$ <u>    448,465</u>	\$ <u>   (40,670)</u>
Ambulance Fund	\$ <u>    200,800</u>	\$ <u>    261,674</u>	\$ <u>   (60,874)</u>

### **Disbursements**

Paid invoices should have an approval and an account number noted on them and attached to the check copy. The check copy and invoice should then be filed in numerical order. During the audit we found that this was not done consistently. We recommend that the Clerk follow these filing procedures on a consistent basis to allow for a proper audit trail.

The Clerk is responsible for the disbursements of the Township. However, disbursements should not be made without prior board approval and a proper budget. During the test periods we found that payments were made in line items which were already over budget or without prior board approval. We recommend that no expenditures be made without the boards approval and that budget amendments be made, if needed, prior to disbursing funds.

### **Receipts Journal**

A receipts journal should include the date of receipt, receipt number, payor, amount, account number, and description. The monthly receipts journals prepared during the year were inconsistent in what was included. We recommend that the above items be included each month.

### **Cash and Investments**

Bank reconciliations should be done on a timely basis each month as well as a comprehensive reconciliation of the cash and investments held by the Township with the individual funds. A copy of the reconciliation should be kept with the monthly bank statements. We found that a comprehensive worksheet was not kept for each month. It is my understanding that the Treasurer is currently preparing these.

### **Construction Code Fund**

The Construction Code Fund was established by state statute to account for the permit fees collected by the Township. During the 2004-05 year, the Fund's expenditures exceeded the revenues by \$7,002 forcing the Board to transfer \$7,650 into the Fund from the General Fund. The Board may want to consider increasing the permit fees to match the expenditures of the Fund and avoid having to subsidize it with the General Fund.